

TORONTO STOCK EXCHANGE
TORONTO

BULLETIN NO. 6801

June 27, 1968.

NEW LISTING

GENERAL DISTRIBUTORS OF CANADA LTD.

Application has been granted to list 3,000,000 shares without par value, of which 50,000 shares are subject to issuance. The shares will be posted for trading at the opening on Tuesday, July 2nd. Stock Symbol "GDS"; Post Section 5.5; Dial Quotation No. 1239.

Listing Statement No. 2306 is being prepared. The following is some of the information that will be in the Statement:

Incorporated - under the laws of Canada by letters patent dated November 19, 1962.

Head Office - 791 Notre Dame Avenue, Winnipeg, Manitoba.

Transfer Agent and Registrar - The Canada Trust Company, Winnipeg, Toronto, Montreal, Calgary and Vancouver

Nature of Business - General Distributors owns all of the shares of General Distributors Limited (Gendis). The Company and Gendis together owns 50.3% of the outstanding common shares of Metropolitan Stores of Canada Limited. Metropolitan in turn owns all of the outstanding shares of Saan Stores Limited and 99.95% of the outstanding shares of Greenberg Stores Limited. General Distributors does not carry on an active commercial business.

Gendis is engaged in the distribution in Canada of a variety of consumer product lines. Gendis became established through having exclusive distribution of Paper Mate products from 1952 to 1963. Gendis phased out virtually all lines, except products manufactured by Sony Corporation of Japan and since 1963 its principal business has been to act as the exclusive distributor in Canada of consumer-type Sony products. Under a contract with Sony, Gendis has been granted exclusive distribution rights in Canada for Sony consumer-type products. The present contract extends for the period from April 1, 1968 to March 31, 1978, and does not prohibit Gendis from distributing non-competing products.

Metropolitan operates a total of 37 variety stores in all provinces of Canada except Newfoundland. Metropolitan's subsidiaries, Saan Stores and Greenberg Stores operate, respectively, 42 junior department stores in Western Canada and 20 junior department stores in Quebec. The stores handle such lines as wearing apparel and accessories, textiles, toys, sporting goods, notions, cosmetics and toiletries records and crockery.

Officers -

- President & Chief Executive Officer - A. D. Cohen, Tuxedo, Man.
- Vice-President - Harry Cohen, Calgary, Alta.
- Secretary - J. C. Cohen, Toronto, Ont.
- Treasurer - S. N. Cohen, Winnipeg, Man.
- Assistant Secretary - R. B. Slater, Winnipeg, Man., Partner, Pitblado, Hoskin & Co. (Solicitors)

Directors - A. D. Cohen, Harry Cohen, J. C. Cohen, S. N. Cohen and the following:

- Joseph Cohen, Vancouver, B.C., Vice-President of Gendis
- M. M. Cohen, Town of Mount Royal, Que., Vice-President of Gendis and Executive Vice-President of Metropolitan
- F. N. Hughes, Tuxedo, Man., Partner, Richardson Securities of Canada
- G. R. Hunter, Q.C., Tuxedo, Man., Partner, Pitblado, Hoskin & Company

Share Capital - as of June 12, 1968.

	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>To Be Listed</u>
Common shares without nominal or par value	5,000,000	2,950,000	3,000,000

Offering by Prospectus - Under an agreement dated May 10, 1968, made between General Distributors and Richardson Securities of Canada, as underwriter, General Distributors agreed to sell and the said underwriter agreed to purchase 435,000 shares.

Purpose of Issue - The estimated proceeds, after deduction of estimated expenses of \$50,000 derived by General Distributors from the sale of the 435,000 shares amounting to \$2,777,500 will be applied as to \$1,424,440 to repay shareholders' advances (being \$1,053,940 outstanding January 31, 1963 plus \$370,500 in respect of the purchase of 156,000 common shares of Sony Corporation), and the balance of \$1,353,060 of such proceeds will be added to working capital through the reduction of current notes payable and bank advances.

Earnings -

<u>Years ended</u>			
December 31,	1963	-	\$164,219
" "	1964	-	136,216
" "	1965	-	115,008
" "	1966	-	250,423
January 31,	1968	-	381,353

Dividends - The following is the dividend record with respect to the outstanding shares of General Distributors for each of the years shown:

<u>Year Ended</u>	<u>*Shares Outstanding</u>	<u>Dividend Per Share</u>	<u>Total Dividend</u>
Dec. 31, 1963	4,300	30¢	\$1,400
Dec. 31, 1964	4,300	30¢	1,400
Dec. 31, 1965	4,300	5¢	240
Dec. 31, 1966	4,300	5¢	240
Jan. 31, 1968	4,300	5¢	240

* Before such shares were changed into 1,354,360 shares by supplementary letters patent dated January 17, 1963.

It is expected that General Distributors will retain its future earnings to finance growth of its operations and, accordingly, it is not contemplated that General Distributors will pay dividends in the near future.

BY ORDER OF THE BOARD OF GOVERNORS

J. R. KIMBER,
President

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not at the general office of the Exchange.

LISTING STATEMENT No. 2306

LISTED JULY 2, 1968
3,000,000 shares without par value, of which
50,000 shares are subject to issuance.
Stock Symbol "GDS"
Post Section 5.5
Dial Quotation No. 1239

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

GENERAL DISTRIBUTORS OF CANADA LTD.

Incorporated under the laws of Canada by Letters Patent dated November 19, 1962 under the name of General Distributors of Canada Ltd. Supplementary Letters patent increasing the authorized capital stock of the Company, among other things, were issued on January 17, 1968.

COMMON SHARES WITHOUT NOMINAL OR PAR VALUE

CAPITALIZATION AS AT JUNE 12, 1968

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without nominal or par value	5,000,000	2,950,000	3,000,000

1. APPLICATION

General Distributors of Canada Ltd., (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 3,000,000 common shares without par value in the capital stock of the Company, of which 2,950,000 will as at the date hereof be issued and outstanding as fully paid and non-assessable. An additional 50,000 shares have been reserved for issuance pursuant to a stock option plan established by the Company. Reference the Prospectus, page 13, under heading "Stock Option Plan".

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached Prospectus issued by the Company under date of May 15, 1968, with respect to the offering of 435,000 common shares of the Company, a copy of which Prospectus is hereby incorporated in this application and made part hereof.

3. SHARE ISSUES SINCE INCORPORATION

Common shares Without Par Value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Dec. 17/62	3	\$ 10.00	\$ 30	Incorporators' shares
Dec. 20/62	837	\$ 10.00	\$ 8,370	Issued to shareholders for a cash consideration.
Dec. 31/62	3,960	\$383.84	\$1,520,025	Issued in consideration for acquisition from the principal shareholders of the Company of 20 common and 10,500 preferred shares (being all the outstanding shares) in the capital stock of General Distributors Limited.
Feb. 1/68	1,349,560	—	—	The outstanding 4,800 shares were subdivided pursuant to the issuance of Supplementary Letters Patent on January 17/68.
Mar. 29/68	1,145,640	—	\$1,365,141	Issued in consideration for acquisition from the principal shareholders of 229,128 common shares of Metropolitan Stores of Canada Limited pursuant to Agreement made February 1, 1968.
Apr. 23/68	15,000	\$ 6.50	\$ 97,500	Issued to certain employees of the Company for a cash consideration.

4. HISTORY OF THE COMPANY

A complete history of the Company from its inception and of the subsidiary companies is contained on page 3 of the Prospectus accompanying this application.

5. NATURE OF BUSINESS

The nature of the business of the Company is contained on page 4 of the Prospectus accompanying this application.

6. INCORPORATION

General Distributors of Canada Ltd. was incorporated under the laws of Canada by Letters Patent dated November 19, 1962. Supplementary Letters Patent dated January 17, 1968, among other things, increased the authorized capital of the Company to 5,000,000 shares without nominal or par value.

7. STOCK PROVISIONS AND VOTING POWERS

A complete summary of the conditions attaching to the various classes of authorized capital of the Company is contained on page 11 of the Prospectus accompanying this application.

8. DIVIDEND RECORD

The following is the dividend record with respect to the outstanding shares of General Distributors of Canada Ltd. for each of the years shown:

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereby and any representation to the contrary is an offence.

NEW ISSUE:

GENERAL DISTRIBUTORS OF CANADA LTD.

(Incorporated under the laws of Canada)

435,000 shares

(Without Nominal or Par Value)

Price: \$7.00 per share

	<u>Price to Public</u>	<u>Proceeds to the Underwriter</u>	<u>Proceeds to the Company (1)</u>
Per share	\$7.00	\$.50	\$6.50
Total	\$3,045,000	\$217,500	\$2,827,500


(1) Before deduction of estimated expenses of \$50,000.

In the opinion of Counsel, these shares will be investments in which companies registered under Part III of the Canadian and British Insurance Companies Act (Canada), as amended, may, without availing themselves of the provisions of sub-section (4) of Section 63 of the said Act, invest their funds.

Application has been made to list the shares of General Distributors of Canada Ltd. on The Toronto Stock Exchange. Acceptance of listing will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

We, as principals, offer these shares, subject to prior sale, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Pitblado, Hoskin & Company, Winnipeg, and on our behalf by Messrs. Davies, Ward & Beck, Toronto.

It is expected that definitive share certificates will be available on or about June 12, 1968.



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STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF PURCHASERS IN ONTARIO, SASKATCHEWAN, ALBERTA AND BRITISH COLUMBIA

The attention of purchasers in the Provinces of Ontario, Alberta and Saskatchewan of any of the securities offered by this prospectus is drawn to certain provisions of relevant legislation, namely: The Securities Act, 1966 (Ontario), The Securities Act, 1967 (Alberta) and The Securities Act, 1967 (Saskatchewan), which permit such purchasers in certain events and subject to certain conditions:

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and
- (b) to rescind the agreement of purchase by institution of legal proceedings within 90 days from the later of the date of receipt of the prospectus or amended prospectus by the purchaser or his agent or the date of the agreement of purchase if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of the respective statutory provisions summarized above are contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1967 (Alberta) and Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

Sections 61 and 62 of The Securities Act, 1967 (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

GENERAL DISTRIBUTORS

General Distributors of Canada Ltd. (General Distributors) was incorporated under the laws of Canada by letters patent dated November 19, 1962. Supplementary letters patent dated January 17, 1968, among other things, increased the authorized capital of General Distributors to 5,000,000 shares without nominal or par value. General Distributors owns all the shares of General Distributors Limited (Gendis). General Distributors and Gendis together own 50.3% of the outstanding Common Shares of Metropolitan Stores of Canada Limited (Metropolitan). Metropolitan, in turn, owns all the outstanding shares of Saan Stores Limited (Saan Stores) and 99.95% of the outstanding shares of Greenberg Stores Limited (Greenberg Stores). General Distributors does not carry on an active commercial business. The address of the head office and the principal office of General Distributors is 791 Notre Dame Avenue, Winnipeg, Manitoba.

GENDIS

Gendis was incorporated under the laws of Alberta on January 28, 1944 and since then has engaged in the distribution in Canada of a variety of consumer product lines. The exclusive Canadian distribution of Paper Mate products from 1952 until 1963 firmly established Gendis as a national organization. Gradually, however, Gendis phased out virtually all lines except products manufactured by Sony Corporation of Japan (Sony), and since 1963 its principal business has been to act as the exclusive distributor in Canada of consumer-type Sony products.

Under a contract with Sony (described below under the sub-heading Sony Contract), Gendis has been granted exclusive distribution rights in Canada for Sony consumer-type products. In November 1955 Gendis became the first export customer for Sony consumer-type products. The present contract extends for the period from April 1, 1968 to March 31, 1978 and does not prohibit Gendis from distributing non-competing products.

SONY CONTRACT:

Gendis originally executed a 5-year exclusive distribution contract for Canada with Sony in 1956. In 1961 this contract was superseded by a 10-year contract that was to continue until 1971. In 1968 this contract was, in turn, superseded by the current 10-year contract, dated February 21, 1968, that extends to March 31, 1978. Under the new contract, Gendis is designated the exclusive distributor in Canada for the following consumer-type products manufactured by Sony: transistorized radios, tape recorders, transistorized television sets, packaged stereo units and components, hi-fi receivers and components. Gendis knows of no reason why its contractual arrangements with Sony will not be continued after the present contract expires, but there is no assurance of such continuation.

The contract calls for minimum annual purchase orders, commencing with \$2,500,000 in the contract year ending March 31, 1969 and increasing by \$250,000 annually to \$4,500,000 in the contract year ending March 31, 1977. There is no minimum quota for the contract year ending March 31, 1978. These quotas are based on the f.o.b. Tokyo prices. The contract provides that, under certain conditions, if in any year Gendis meets at least 80% of its quota requirements, it may make up any deficiency (up to 20%) by applying over-quota purchases made in prior years.

In the fiscal year ended January 31, 1968 Gendis' actual purchases were materially in excess of the minimum called for during the first year of the new contract. No assurance can be given that Gendis' future sales will be in any particular annual amount or be sufficient to enable it to meet the minimum quota requirements of the contract.

Under the contract, Gendis agrees to use its best efforts to sell the above mentioned products in Canada and agrees not to sell other products of the same or similar type without Sony's consent. Sony reserves the right, subject to certain limitations, to change its selling prices and its product lines and models. Other rights of Sony include the right to terminate on various grounds including: (a) if Gendis fails to meet annual quota requirements, (b) if Gendis ceases to be a wholly-owned subsidiary of General Distributors, (c) if Messrs. Albert Diamond Cohen, Harry Cohen, John Charles Cohen, Joseph Cohen, Morley Mitchell Cohen or Samuel Nathan Cohen, referred to below under the heading Principal Holders of Securities, or members of their respective immediate families, do not own jointly or severally more than 50% of the outstanding shares of General Distributors, or (d) if there shall be any change in the control or management of Gendis which is unacceptable to Sony. The first six companies identified in the table under the heading Principal Holders of Securities, each of which owns, of record and beneficially, 13.03% of the outstanding shares of General Distributors, have entered into a depository agreement with The Canada Trust Company whereby 1,500,000 shares of General Distributors have been deposited in trust ensuring retention by such companies of ownership of more than 50% of the outstanding shares of General Distributors. Each of the said six companies is controlled respectively by one of the Messrs. Cohen referred to above and, accordingly, Sony has acknowledged and confirmed that ownership of more than 50% of the outstanding shares of General Distributors by such six companies is sufficient compliance with the above mentioned provisions of the Sony contract relating to ownership of the outstanding shares of General Distributors. The depository agreement continues during such time as the Sony contract or renewals thereof remain in effect or until the above mentioned restrictions on the management and ownership of Gendis included in the Sony contract are withdrawn by Sony, whichever shall first occur, following which the deposited shares of General Distributors may be released by the depository.

The foregoing is a summary only of certain of the provisions of the contract between Sony and Gendis.

DESCRIPTION OF BUSINESS:

Gendis' Sony product line changes from time to time as models are improved or discontinued and new models are added to meet market conditions. All Sony products distributed by Gendis are solid state. The products range from relatively simple items such as transistor radios to highly sophisticated stereophonic recorders. Currently Gendis is distributing 18 radio models, 16 tape recorder models, 4 models of television sets, and 4 items of stereo and hi-fi equipment.

Sales and Distribution:

Sales of Sony products by Gendis during the past 5 years have been as follows:

Years ended December 31				One month ended January 31	Year ended January 31
1963	1964	1965	1966	1967	1968
\$3,794,107	\$3,657,650	\$4,331,602	\$4,821,288	\$290,257	\$6,633,255

In the year ended January 31, 1968 no one customer accounted for more than 5% of Gendis' sales and the ten largest customers accounted for less than 30%.

Gendis has sales offices in Vancouver, Calgary, Winnipeg, Toronto and Montreal and maintains an inventory of Sony products in warehouses in Vancouver, Toronto and Montreal. Gendis makes direct sales to the major department stores across Canada and has 127 distributors who service other retail stores. Retail dealers for Sony products include appliance, department, hardware, jewelry, music and radio-TV stores.

Warranty:

Sony products, distributed by Gendis, are sold under warranty provisions in respect of parts and labor. Gendis maintains warranty service agreements with over 20 authorized service locations throughout Canada to assure proper performance of its warranties. Purchasers of Sony products may obtain service after the warranty period from these authorized service locations. Gendis maintains an inventory of spare parts for all the Sony products which it distributes.

METROPOLITAN, SAAN STORES AND GREENBERG STORES

General Distributors and Gendis together own 50.3% of the outstanding Common Shares of Metropolitan, which operates a total of 87 variety stores in all provinces of Canada except Newfoundland. Metropolitan's subsidiaries, Saan Stores and Greenberg Stores operate, respectively, 42 junior department stores in Western Canada and 20 junior department stores in Quebec. Reference is made to the heading Acquisition of Metropolitan Common Shares by General Distributors and Gendis on page 8.

It is expected that Metropolitan, Saan Stores and Greenberg Stores will continue to increase the number of their stores as well as enlarge and modernize existing stores. The average shopping area of these stores has been gradually increasing. Stores operated under the Metropolitan name average in excess of 8,000 square feet, with one store being 70,000 square feet and with other stores having shopping areas as large as 33,000 square feet. Retail stores operated by Saan Stores and Greenberg Stores have an average shopping area of 6,000 square feet and 16,000 square feet respectively.

In all stores, a wide assortment of moderately priced merchandise is offered. The more important lines handled by the stores operated under the Metropolitan name are wearing apparel and accessories, textiles, toys, sporting goods, records, notions, cosmetics and toiletries, and crockery. Saan Stores' more important lines are lower and medium priced apparel goods for the family. Greenberg Stores specialize in clothing and home furnishings.

Metropolitan and its subsidiaries have more than 2,650 full-time employees and, in peak sales periods, have employed as many again on a part-time basis. Metropolitan and its subsidiaries provide pension and group insurance plans to full-time employees.

PROPERTY

Gendis leases office and warehouse facilities in Vancouver (11,500 square feet), Calgary (3,000 square feet), Winnipeg (4,200 square feet), Toronto (8,000 square feet) and Montreal (6,000 square feet).

Metropolitan and its subsidiaries own 41 real estate properties of which Metropolitan occupies 36 and Saan Stores occupies 3. The two other properties are the principal office and warehouse of Metropolitan in Montreal and a former Metropolitan store location now leased to a third party. Certain of these real estate properties are subject to the encumbrances referred to under the heading Capitalization.

Of the 114 properties under lease to Metropolitan and its subsidiaries, 110 are store locations, including one where the principal property is owned and the adjoining property is leased. Of the four remaining properties, one is the head office of Greenberg in Montreal and three are former store locations which are sub-leased to third parties.

The rental terms of the office, warehouse and store leases of General Distributors and its subsidiaries vary substantially but, in general, fall into three main categories: a fixed annual rental, a straight percentage of sales, and a combination of a minimum rental with a percentage of sales. The leases, in most cases, are for a period of from 10 to 20 years with options for renewal. Reference is made to note 7 of the Notes to Financial Statements on page 19.

Land has been acquired in Vancouver and Winnipeg on which new warehouses are to be constructed.

**GENERAL DISTRIBUTORS,
GENDIS, METROPOLITAN, SAAN STORES AND GREENBERG STORES
PRO FORMA SUMMARY OF COMBINED EARNINGS**

The following is a pro forma summary of combined earnings of General Distributors, Gendis, Metropolitan, Saan Stores and Greenberg Stores. This summary reflects the assumptions that throughout the 5-year period: Gendis was a wholly-owned subsidiary of General Distributors; Saan Stores and Greenberg Stores were wholly-owned subsidiaries of Metropolitan; and General Distributors held 50.3% of the outstanding Common Shares of Metropolitan. This summary reflects the combined earnings from operations of the above mentioned companies except for adjustments in income tax provisions, minority interests, and dividends, as explained in the notes to this summary.

Pro Forma Summary of Combined Earnings for the Five Years Ended January 31, 1968 (note 1)

	Years ended January 31,				
	1964	1965	1966	1967	1968
	\$	\$	\$	\$	\$
Sales	39,682,663	42,567,339	47,894,813	55,234,584	62,687,180
Cost of Goods Sold and Operating Expenses Exclusive of Items Shown Below	36,508,684	38,924,781	43,543,742	49,966,907	56,591,754
	<u>3,173,979</u>	<u>3,642,558</u>	<u>4,351,071</u>	<u>5,267,677</u>	<u>6,095,426</u>
Depreciation of Fixed Assets and Amortization of Leasehold Improvements	685,575	797,294	871,269	996,217	1,067,462
Interest on Long-Term Debt	423,513	445,205	446,209	437,823	410,489
	<u>1,109,088</u>	<u>1,242,499</u>	<u>1,317,478</u>	<u>1,434,040</u>	<u>1,477,951</u>
	2,064,891	2,400,059	3,033,593	3,833,637	4,617,475
Provision for Income Taxes (note 2)	995,869	1,209,717	1,559,180	1,962,306	2,380,400
	<u>1,069,022</u>	<u>1,190,342</u>	<u>1,474,413</u>	<u>1,871,331</u>	<u>2,237,075</u>
Provision for Minority Interest (note 3)	267,776	341,915	493,486	623,322	739,905
Preferred Dividends (note 4)	385,775	385,775	385,775	385,775	385,775
	<u>653,551</u>	<u>727,690</u>	<u>879,261</u>	<u>1,009,097</u>	<u>1,125,680</u>
Combined Net Earnings from Operations (note 5)	415,471	462,652	595,152	862,234	1,111,395
Earnings per Share (2,950,000 shares)	14.1¢	15.7¢	20.2¢	29.2¢	37.7¢

Notes to Pro Forma Summary of Combined earnings for the Five Years Ended January 31, 1968

1. Principles of Combination

The pro forma summary combines the earnings of the following companies:

General Distributors of Canada Ltd.	—	For the four years ended December 31, 1966 and the year ended January 31, 1968 but excluding the one month ended January 31, 1967.
General Distributors Limited	—	For the four years ended December 31, 1966 and the year ended January 31, 1968 but excluding the one month ended January 31, 1967.
Metropolitan Stores of Canada Limited	—	For the five years ended January 31, 1968.
Saan Stores Limited	—	For the five years ended January 31, 1968.
Greenberg Stores Limited	—	For the five years ended January 31, 1968.
Greenberg's Department Stores (1962) Ltd.	—	For the five years ended January 31, 1968.

The pro forma summary demonstrates the earnings from operations which would have resulted had the above companies been subsidiary companies of General Distributors of Canada Ltd. throughout the five-year period.

All inter-company transactions have been eliminated.

2. Provision for Income Taxes

The provision for income taxes has been adjusted to reflect the additional taxes that would have been payable had the companies been associated for income tax purposes throughout the five-year period.

3. Minority Interest

The provision for minority interest throughout the period is based on the assumption that General Distributors of Canada Ltd. held the same percentage of common shares of Metropolitan Stores of Canada Limited throughout the period, namely 50.3%.

4. Preferred Dividends

The annual dividend requirements on the outstanding preferred shares of Metropolitan Stores of Canada Limited at January 31, 1968 amount to \$385,775. The pro forma summary reflects a deduction for preferred dividends equivalent to this sum throughout the period.

5. Extraordinary Items

In addition to the earnings from operations, the companies had the following extraordinary items of income and (expense):

	Years ended January 31,				
	1964	1965	1966	1967	1968
	\$	\$	\$	\$	\$
Gain on disposal of capital assets	—	135,468	31,030	249,628	86,936
Financing expenses arising on the issue of Preferred Shares of Metropolitan Stores of Canada Limited	—	—	—	—	(212,879)
	<u>—</u>	<u>135,468</u>	<u>31,030</u>	<u>249,628</u>	<u>(125,943)</u>

AUDITORS' REPORT

To the Directors,
General Distributors of Canada Ltd.

We have examined the pro forma summary of combined earnings of General Distributors of Canada Ltd., General Distributors Limited, Metropolitan Stores of Canada Limited, Saan Stores Limited, Greenberg Stores Limited and Greenberg's Department Stores (1962) Ltd. for the five years ended January 31, 1968.

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who examined the consolidated statements of earnings of Greenberg Stores Limited for the four years ended January 31, 1967.

In our opinion, this financial summary presents fairly the pro forma combined results of operations of the companies for the five years ended January 31, 1968 in accordance with generally accepted accounting principles applied on a consistent basis after giving effect to the adjustments and transactions set out in notes 1, 2, 3 and 4 thereto.

April 30, 1968,
Winnipeg, Manitoba.

(Signed) McDonald, Currie & Co.
Chartered Accountants.

ACQUISITION OF METROPOLITAN COMMON SHARES BY GENERAL DISTRIBUTORS AND GENDIS

Pursuant to an agreement dated February 1, 1968 made between General Distributors and certain vendor companies, General Distributors acquired 229,128 Common Shares of Metropolitan from such companies in exchange for the issue by General Distributors of 1,145,640 shares of General Distributors. The share exchange was based on the book value of the Metropolitan Common Shares in the books of the vendors. Reference is made to the sub-heading Interest of Management in Material Transactions on page 11.

In total, General Distributors and Gendis together now own 429,428 (50.3%) of the Common Shares of Metropolitan which is, therefore, a subsidiary of General Distributors within the meaning of the Canada Corporations Act. The Underwriting Agreement referred to under the heading Plan of Distribution contains a representation by General Distributors to the effect that General Distributors has no present intention to dispose of its controlling interest in Metropolitan.

CAPITALIZATION

	Authorized \$	Outstanding January 31, 1968 \$	Outstanding April 1, 1968 \$	To be outstanding on completion of this financing \$
Long-Term Debt				
Metropolitan Stores of Canada Limited and subsidiaries				
First Mortgage Bonds, issuable in series	12,000,000			
6½% Sinking Fund Bonds, Series A (note 1)			5,535,000	5,535,000
6¾% 20-year Purchase Money Mortgage Loan			442,100	439,600
5% unsecured notes			280,000	280,000
Current Liabilities — Bank advances (secured)		419,000	715,000	—
Due to Shareholders		1,053,940	1,053,940	—
Minority Interest in Metropolitan				
Stores of Canada Limited				
Preferred shares			5,935,000	5,935,000
Common shares and surplus (note 2)			4,736,396	4,736,396
Capital Stock of General				
Distributors of Canada Ltd.				
Shares without nominal or par value (notes 3 and 4)	30,000,000	48,000	1,413,141	4,338,141
	(5,000,000	(1,354,360	(2,500,000	(2,950,000
	shares)	shares)	shares)	shares)

Notes:

1. These bonds are issued under a Trust Deed which creates a first fixed and specific mortgage, hypothec, pledge and charge on all Metropolitan land, buildings, fixed plant and fixed machinery and equipment now owned and hereafter acquired, and a first floating charge on the undertaking and all other assets of Metropolitan. Additional bonds to an aggregate principal amount of \$5,500,000 may be issued under the Trust Deed, subject to the terms thereof.
2. At January 31, 1968 General Distributors of Canada Ltd. and General Distributors Limited held less than 50% of the outstanding Common Shares of Metropolitan Stores of Canada Limited.
3. The 2,950,000 shares to be outstanding on completion of this financing include the 2,500,000 shares outstanding April 1, 1968, the 15,000 shares referred to under the heading Prior Sales and the 435,000 shares being offered by the Prospectus.
4. A stock option plan for an aggregate of 50,000 shares is described under the heading Stock Option Plan.
5. For information regarding obligations under leases of real property refer to note 7 of Notes to Financial Statements.

PLAN OF DISTRIBUTION

Under an agreement dated May 10, 1968, made between General Distributors and Richardson Securities of Canada, as underwriter, General Distributors agreed to sell and the said underwriter has agreed to purchase all the 435,000 shares offered by this prospectus, if, as and when issued and subject to compliance with the necessary legal formalities and to the terms and conditions stated in the said agreement, such price to be payable in cash against delivery of certificates in definitive form representing such shares. The underwriter is committed to take up and pay for all of the shares subject to the terms, conditions and provisions of the said agreement.

The shares offered by this prospectus will be offered to the public in the Provinces of Canada other than Newfoundland through the said underwriter and other registered investment dealers and brokers.

USE OF PROCEEDS

The estimated proceeds, after deduction of estimated expenses of \$50,000, to be derived by General Distributors from the sale of the 435,000 shares offered by this prospectus amounting to \$2,777,500 will be applied as to \$1,424,440 to repay shareholders' advances (being the \$1,053,940 outstanding at January 31, 1968 plus \$370,500 in respect of the purchase of 156,000 common shares of Sony Corporation), and the balance, \$1,353,060, of such proceeds will be added to working capital through the reduction of current notes payable and bank advances.

MANAGEMENT

DIRECTORS AND OFFICERS

The names and home addresses in full of the directors and officers of General Distributors, offices held in General Distributors and their principal occupations within the 5 preceding years are as follows:

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation*</u>
Albert Diamond Cohen 305 Park Boulevard Tuxedo, Manitoba	President, Chief Executive Officer and Director	President of Gendis and Chairman of the Board of Metropolitan
Harry Cohen 1311 Cabot Avenue Calgary, Alberta	Vice-President and Director	Vice-President of Gendis
John Charles Cohen 70 Old Forest Hill Road Toronto, Ontario	Secretary and Director	Vice-President of Gendis
Joseph Cohen 1035 West 48th Street Vancouver, British Columbia	Director	Vice-President of Gendis
Morley Mitchell Cohen 258 Kenaston Road Town of Mount Royal, Quebec	Director	Vice-President of Gendis and Executive Vice-President of Metropolitan
Samuel Nathan Cohen 810 Wellington Crescent Winnipeg, Manitoba	Treasurer and Director	Secretary of Gendis and President of Metropolitan
Frederick Newton Hughes 419 Boreham Boulevard Tuxedo, Manitoba	Director	Partner, Richardson Securities of Canada
George Richard Hunter, Q.C. 49 Aldershot Boulevard Tuxedo, Manitoba	Director	Partner, Pitblado, Hoskin & Company
Ronald Barrie Slater 12 Ruskin Row Winnipeg, Manitoba	Assistant Secretary	Partner, Pitblado, Hoskin & Company

* During the 5 preceding years, Messrs. Albert Diamond Cohen, Harry Cohen, John Charles Cohen, Joseph Cohen, Morley Mitchell Cohen and Samuel Nathan Cohen have held the positions indicated above or other executive positions in the respective companies.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The aggregate remuneration paid to the directors and senior officers of General Distributors during its last completed financial year, ended on January 31, 1968, by (a) General Distributors and its subsidiary company, Gendis, was \$79,000 and (b) Metropolitan and its subsidiary companies was \$177,000. The aggregate remuneration paid to the directors and senior officers of General Distributors by General Distributors and its subsidiary companies from January 31, 1968 to March 31, 1968 was \$41,666.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS:

1. Each of the Messrs. Albert Diamond Cohen, Harry Cohen, John Charles Cohen, Joseph Cohen, Morley Mitchell Cohen and Samuel Nathan Cohen, who are directors of General Distributors, were the vendors, through a company controlled by them, of 156,000 common shares of Sony purchased by General Distributors for an aggregate cash consideration of \$370,500, being the market value equivalent (in the New York over-the-counter market) as at February 1, 1968. The cost of such shares to the vendors was \$211,829.
2. As referred to above under the heading, Acquisition of Metropolitan Common Shares by General Distributors and Gendis, pursuant to an agreement dated as of February 1, 1968, General Distributors acquired 229,128 Common Shares of Metropolitan from certain vendors in consideration of the issuance of 1,145,640 shares of General Distributors. Each of Messrs. Albert Diamond Cohen, Harry Cohen, John Charles Cohen, Joseph Cohen, Morley Mitchell Cohen and Samuel Nathan Cohen, who are directors and/or senior officers of General Distributors, control one of the first six companies identified in the table under the heading Principal Holders of Securities. Such companies were six of the vendors of the said Common Shares of Metropolitan. Each of such companies of record and beneficially owned, as at March 31, 1968, 13.03% of the outstanding shares of General Distributors. Such six companies together with five other companies controlled by such companies (including Genco Holdings Ltd.), being all of the vendors referred to above, sold the said 229,128 Common Shares of Metropolitan to General Distributors for the said 1,145,640 shares of General Distributors. The directors of General Distributors determined that the said shares of General Distributors were being issued for a consideration which the directors determined to be, in all the circumstances of the transaction, the fair equivalent of cash in the amount of \$1,365,141. The cost of the said 229,128 Common Shares of Metropolitan to the vendors was \$1,365,141.

THE SHARES

DESCRIPTION OF THE SHARES:

The authorized capital of General Distributors consists of 5,000,000 shares without nominal or par value, of which 435,000 shares are being offered by this prospectus. The shares are entitled to dividends as and when declared by the board of directors; are entitled to one vote per share; are entitled, upon liquidation, to receive pro rata such assets of General Distributors as are distributable to shareholders; and have no pre-emptive or conversion rights. The outstanding shares and the shares hereby offered are and will be fully paid and non-assessable.

DIVIDENDS AND DIVIDEND POLICY:

The following is the dividend record with respect to the outstanding shares of General Distributors for each of the years shown.

Year Ended	*Number of Shares Outstanding	Dividend per Share ¢	Total Dividend \$
December 31, 1963	4,800	30	1,400
December 31, 1964	4,800	30	1,400
December 31, 1965	4,800	5	240
December 31, 1966	4,800	5	240
January 31, 1968	4,800	5	240

*Before such shares were changed into 1,354,360 shares by supplementary letters patent dated January 17, 1968.

It is expected that General Distributors will retain its future earnings to finance the growth of its operations and, accordingly, it is not contemplated that General Distributors will pay dividends in the near

future. The retained earnings of Metropolitan and its subsidiaries and part of the retained earnings of Gendis is designated surplus within the meaning of the Income Tax Act (Canada).

There are at present no restrictions on the payment of dividends by General Distributors. However, Metropolitan is subject to certain restrictions on the payment of dividends as set out in the Deed of Trust and Mortgage made as of May 1, 1961 between Metropolitan and Montreal Trust Company, as trustee, for the purpose of securing the First Mortgage Bonds of Metropolitan issued thereunder and as set out in the provisions attaching to its outstanding Preferred Shares. These requirements are presently exceeded by a substantial margin.

PRINCIPAL HOLDERS OF SECURITIES

As of April 1, 1968, the following each owned, of record and beneficially, more than 10% of the shares of General Distributors*:

	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Jana Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	325,665	13.03%
Harco Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	325,665	13.03%
Jonco Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	325,665	13.03%
Josco Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	325,665	13.03%
Morco Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	325,665	13.03%
Leasam Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	325,665	13.03%
Genco Holdings Ltd. 791 Notre Dame Avenue Winnipeg, Manitoba	390,000	15.60%
	<u>2,343,990</u>	<u>93.78%</u>

*Each of the above companies, other than Genco Holdings Ltd. (Genco), is controlled respectively by one of Messrs. Albert Diamond Cohen, Harry Cohen, John Charles Cohen, Joseph Cohen, Morley Mitchell Cohen or Samuel Nathan Cohen and thus the shares owned by the above companies (other than Genco) are deemed to be beneficially owned by such persons within the meaning of applicable securities legislation. The directors and senior officers of General Distributors, as a group, accordingly are deemed to own beneficially 78.18% of the outstanding shares of General Distributors. Genco is owned equally by the six other companies named above. An additional 156,000 shares of General Distributors, representing 6.22% of the outstanding shares, are owned by further companies which are owned equally by each of the above companies (other than Genco). The remaining 10 shares outstanding as of April 1, 1968, are owned by the 8 directors named under the sub-heading Directors and Officers.

PRIOR SALES

On April 23, 1968, General Distributors issued 15,000 shares without nominal or par value for cash at the price of \$6.50 per share to certain employees of Greenberg Stores.

Reference is also made to the issuance by General Distributors of an aggregate of 1,145,640 shares of General Distributors to certain vendors of 229,128 Common Shares of Metropolitan as referred to under the heading Acquisition of Metropolitan Common Shares by General Distributors and Gendis.

STOCK OPTION PLAN

The directors of General Distributors have established a stock option plan for the purchase by key employees of General Distributors and its subsidiaries of an aggregate of 50,000 shares of General Distributors at price of \$6.50 per share. The options granted are for a 5-year period but exercisable as to not more than 20% on a cumulative basis in each year by each optionee. All options will expire on May 1, 1973.

MATERIAL CONTRACTS

Particulars regarding every material contract entered into by General Distributors and its subsidiaries, within the 2 years preceding the date hereof, other than contracts in the ordinary course of business, are as follows:

1. The underwriting agreement dated May 10, 1968, made between General Distributors and Richardson Securities of Canada, referred to on page 9 herein.
2. The contract dated February 21, 1968, made between Sony and Gendis, referred to on page 3 herein.
3. The agreement dated February 1, 1968, referred to on page 11 herein, made between General Distributors and certain vendors providing for the acquisition by General Distributors of 229,128 Common Shares of Metropolitan.
4. A depository agreement dated May 10, 1968, referred to on page 4 herein, made between The Canada Trust Company and Jana Holdings Ltd., Harco Holdings Ltd., Jonco Holdings Ltd., Josco Holdings Ltd., Morco Holdings Ltd., and Leasam Holdings Ltd., relating to the deposit in trust of 1,500,000 shares of General Distributors.
5. The agreement dated February 1, 1968, made between Brosco Fund Limited, as vendor, and General Distributors, as purchaser, for the sale to and purchase by General Distributors of 156,000 common shares in the capital stock of Sony for an aggregate consideration of \$370,500 referred to on page 9 herein.
6. The underwriting agreement dated November 6, 1967, by and between Richardson Securities of Canada and Metropolitan pursuant to which Metropolitan sold and Richardson Securities of Canada purchased 150,000 Preferred Shares, 1967 Series of Metropolitan.
7. The agreement dated July 27, 1967, pursuant to which Metropolitan acquired 400,000 of the issued and outstanding 600,000 Common Shares and 1,000 Deferred Shares of Greenberg (being all of the issued and outstanding Deferred Shares) for a total cash consideration of \$3,200,000. Of such Common Shares 349,674 were purchased from Lands & Buildings Inc., 9150 Park Avenue, Montreal, 11, P.Q., and 50,326 Common Shares and 1,000 Deferred Shares were purchased from MLM Holdings Ltd., 9150 Park Avenue, Montreal 11, P.Q.
8. A public offer by Metropolitan dated August 14, 1967, to purchase 200,000 outstanding Common Shares of Greenberg Stores at a price of \$8.00 per share, pursuant to which public offer all but 200 Common Shares of Greenberg Stores were acquired by Metropolitan.

Copies of the foregoing agreements may be inspected at the head office of General Distributors, 791 Notre Dame Avenue, Winnipeg, while the shares offered by this prospectus are in the course of primary distribution and for 30 days thereafter.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of General Distributors are Messrs. McDonald, Currie & Co., 379 Broadway Avenue, Winnipeg.

The transfer agent and registrar for the shares of General Distributors is The Canada Trust Company at its offices at 631 Dorchester Boulevard W., Montreal; 110 Yonge Street, Toronto; 230 Portage Avenue W., Winnipeg; 528 8th Avenue S.W., Calgary; and 901 West Pender Street, Vancouver.

AUDITORS' REPORT

To the Directors,
General Distributors of Canada Ltd.

We have examined the consolidated balance sheet of General Distributors of Canada Ltd. and its wholly-owned subsidiary General Distributors Limited as at January 31, 1968, and the related consolidated statement of earnings and retained earnings for the five years and one month ended January 31, 1968.

We have also examined the pro forma consolidated balance sheet of General Distributors of Canada Ltd. and its subsidiary companies as at January 31, 1968.

Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the consolidated balance sheet and consolidated statement of earnings and retained earnings, when read in conjunction with the notes thereto, present fairly the consolidated financial position of General Distributors of Canada Ltd. and its wholly-owned subsidiary General Distributors Limited as at January 31, 1968, and the consolidated results of their operations for the five years and one month ended January 31, 1968, in accordance with generally accepted accounting principles applied on a consistent basis.

In our opinion the pro forma consolidated balance sheet also presents fairly the consolidated financial position of General Distributors of Canada Ltd. and its subsidiary companies at the same date, after giving effect to the changes set forth in the heading thereof in accordance with generally accepted accounting principles.

April 30, 1968,
Winnipeg, Manitoba.

(Signed) McDonald, Currie & Co.
Chartered Accountants.

The pro forma consolidated balance sheet gives effect to the following transactions:

A. Incurred between February 1, 1968 and April 30, 1968

- (i) The purchase from principal shareholders of the Company of 229,128 Common Shares of Metropolitan Stores of Canada Limited in exchange for 1,145,640 shares of the Company.
- (ii) The purchase by the Company of 3,950 Common Shares of Metropolitan Stores of Canada Limited for a cash consideration of \$127,483.
- (iii) The purchase by the Company from principal shareholders of 156,000 common shares of Sony Corporation for a cash consideration of \$370,500.
- (iv) The issue of 15,000 shares of the Company to employees for a cash consideration of \$97,500.
- (v) The consolidation of the assets and liabilities of Metropolitan Stores of Canada Limited and its subsidiary companies.

Assets	Consolidated balance sheet	Pro forma consolidated balance sheet
Current Assets	\$	\$
Cash and short-term deposits	23,374	1,975,890
Marketable securities—at cost (quoted value \$8,800 and \$34,108)	9,361	37,041
Receivables—less allowance for doubtful accounts (note 2)	1,046,343	1,576,137
Inventories—at lower of cost or net realizable value	1,527,035	10,020,033
Prepaid expenses	13,149	229,960
	<u>2,619,262</u>	<u>13,839,061</u>
Other Assets — at cost		
Advances and investments	9,660	229,192
Special refundable tax	9,259	117,191
Sony Corporation—common shares	—	370,500
Metropolitan Stores of Canada Limited—Common Shares	2,170,796	—
	<u>2,189,715</u>	<u>716,883</u>
Fixed Assets		
Land—at cost	65,407	5,845,919
Buildings, fixtures and equipment—at cost less accumulated depreciation (note 3)	57,146	8,203,178
Leasehold improvements—at cost less amortization	5,890	1,400,473
	<u>128,443</u>	<u>15,449,570</u>
Excess of Cost of Investment in Shares of Subsidiary Companies Over Book Value of Net Assets	<u>21,584</u>	<u>1,656,292</u>
Deferred Financing Expenses	<u>—</u>	<u>50,000</u>

APPROVED ON BEHALF OF THE BOARD

(Signed) Albert D. Cohen, Director

(Signed) Samuel N. Cohen, Director

4,959,004 31,711,806

Balance Sheet
idated Balance Sheet
ary 31, 1968

B. Transactions contemplated by this prospectus

- (i) The issue of 435,000 shares of the Company to an underwriter for a cash consideration of \$2,827,500.
- (ii) The repayment of shareholders' advances in the amount of \$1,424,440.
- (iii) The payment of expenses of \$50,000 in connection with the above issue of shares shown below as deferred financing expenses.

	Consolidated balance sheet	Pro forma consolidated balance sheet
Liabilities		
Current Liabilities	\$	\$
Bank advances (note 2)	419,000	1,875,202
Notes payable	500,000	1,000,000
Accounts payable and accrued liabilities	1,292,499	4,602,430
Income and other taxes	243,701	1,205,343
Current portion of long-term debt	—	55,990
	<u>2,455,200</u>	<u>8,738,965</u>
Long-Term Debt (note 4)	—	6,243,669
Due to Shareholders	1,053,940	—
Deferred Income Taxes (note 5)	—	317,771
Minority Interest in Net Assets of Consolidated Subsidiary Companies		
Common shares	—	4,736,396
Preferred shares	—	5,935,000
	—	10,671,396
	<u>3,509,140</u>	<u>25,971,801</u>
Shareholders' Equity		
Capital Stock (note 6)		
Authorized—5,000,000 shares without nominal or par value		
Issued and fully paid—1,354,360 shares	48,000	—
To be issued and fully paid—2,950,000 shares	—	4,338,141
Retained Earnings	1,401,864	1,401,864
	1,449,864	5,740,005
	<u>4,959,004</u>	<u>31,711,806</u>

General Distributors of Canada Ltd.
and Its Wholly-Owned Subsidiary
General Distributors Limited

Consolidated Statement of Earnings and Retained Earnings
For the Five Years and One Month ended January 31, 1968

	Years ended December 31,				One month ended	Year ended
	1963	1964	1965	1966	January 31, 1967	January 31, 1968
	\$	\$	\$	\$	\$	\$
Sales	5,059,288	3,997,916	4,467,352	5,024,866	324,099	6,789,681
Cost of Goods Sold and Operating Expenses Exclusive of Items Shown Below	4,720,134	3,731,059	4,227,145	4,512,704	310,232	5,989,025
Depreciation of Fixed Assets and Amortization of Leasehold Improvements	339,154	266,857	240,207	512,162	13,867	800,656
	20,840	17,834	14,274	20,651	1,388	20,298
	318,314	249,023	225,933	491,511	12,479	780,358
Provision for Income Taxes	154,095	112,807	110,925	241,088	2,900	399,000
Net Earnings from Operations	164,219	136,216	115,008	250,423	9,579	381,358
Extraordinary Items						
Gain on the disposal of capital assets	—	135,468	31,030	139,898	1,199	41,066
	164,219	271,684	146,038	390,321	10,778	422,424
Retained Earnings — Beginning of Year	—	162,779	433,023	578,821	968,902	979,680
	164,219	434,463	579,061	969,142	979,680	1,402,104
Dividends Paid on shares	1,440	1,440	240	240	—	240
Retained Earnings — End of Year	162,779	433,023	578,821	968,902	979,680	1,401,864

**General Distributors of Canada Ltd.
and Subsidiary Companies
Notes to Financial Statements**

1. Principles of Consolidation

The consolidated balance sheet and consolidated statement of earnings and retained earnings include the accounts of the wholly-owned subsidiary General Distributors Limited.

Subsequent to January 31, 1968 the Company acquired sufficient Common Shares of Metropolitan Stores of Canada Limited to bring its holdings up to 50.3% by April 1, 1968. Accordingly the assets and liabilities of that company and its subsidiaries are included in the pro forma consolidated balance sheet.

2. Book Debts

Book debts of General Distributors Limited have been pledged as security for bank advances to that company.

3. Fixed Assets

Buildings, fixtures and equipment are classified as follows:

	Cost \$	Accumulated depreciation \$	Net \$
Consolidated balance sheet			
Fixtures and equipment	231,041	173,895	57,146
Pro forma consolidated balance sheet			
Buildings	6,256,418	1,500,604	4,755,814
Fixtures and equipment	6,536,520	3,089,156	3,447,364
	<u>12,792,938</u>	<u>4,589,760</u>	<u>8,203,178</u>

4. Long-Term Debt

The long-term debt in the pro forma consolidated balance sheet is as follows:

	Year of Maturity	Principal amount outstanding \$
Metropolitan Stores of Canada Limited 6½% First Mortgage Sinking Fund Bonds, Series A to be fully retired by a sinking fund requirement of \$210,000 due on February 1, 1969, of which \$90,000 has been prepaid, and progressively increasing annual requirements to a final maximum of \$540,000 in the year of maturity	1984	5,535,000
Metropolitan Stores of Canada Limited 6¾% 20 year mortgage loan maturing in equal monthly instalments of \$3,759 including principal and interest	1983	444,659
Greenberg's Department Stores (1962) Ltd. 5% unsecured notes maturing in annual instalments of \$40,000	1975	320,000
		<u>6,299,659</u>
Less: Instalments due within one year		55,990
		<u>6,243,669</u>

5. Deferred Income Taxes

The amount of \$317,771 shown in the pro forma consolidated balance sheet consists of the reduction in income taxes paid as a result of claiming capital cost allowances in excess of depreciation recorded in the accounts and which will be utilized in those future periods in which capital cost allowance will be less than depreciation recorded in the accounts.

6. Capital Stock

(a) Authorized—

Supplementary letters patent were obtained in January, 1968, which provided for the following:

- (i) the cancellation of 200 unissued shares without nominal or par value and the resultant reduction of the authorized capital to 4,800 shares.
- (ii) the subdivision of the 4,800 authorized, issued and outstanding shares into 1,354,360 shares without nominal or par value.
- (iii) the increase of the authorized capital of the Company to 5,000,000 shares without nominal or par value by the creation of 3,645,640 additional shares. The maximum consideration for the issue of the 5,000,000 shares is not to exceed \$30,000,000.

(b) Issued—

Subsequent to January 31, the Company issued shares as follows:

- (i) 1,145,640 shares for a consideration valued at \$1,365,141.
- (ii) 15,000 shares for a cash consideration of \$97,500.
- (iii) 435,000 shares for a cash consideration of \$2,827,500.

(c) Stock Options—

A stock option plan has been established for the purchase, by key employees of the Company and its subsidiaries, of an aggregate 50,000 shares at a price of \$6.50 per share, all such options to be for a five-year period terminating in 1973.

7. Lease Commitments

The aggregate rentals paid by the Company and its wholly-owned subsidiary, General Distributors Limited, on property leases for the year ended January 31, 1968 amounted to \$62,675.

The aggregate minimum annual rentals for the Company and its subsidiaries in subsequent years on property leases in effect at January 31, 1968 will be:

Year ended January 31	Consolidated balance sheet	Pro forma consolidated balance sheet
	\$	\$
1969	63,495	1,559,250
1970	49,470	1,537,520
1971	—	1,464,892
1972	—	1,379,579
1973	—	1,309,329

Certain of these leases provide for additional rentals based on sales. In addition, there are leases where rentals are based entirely on sales (rentals under which amounted to 9.9% of total rentals in the year ended January 31, 1968).

8. Dividend Restriction

Metropolitan Stores of Canada Limited is subject to certain restrictions on the payment of dividends as set out in the Deed of Trust and Mortgage made for the purpose of securing the First Mortgage Bonds issued thereunder and as set out in the provisions attaching to its outstanding Preferred Shares. These requirements are presently exceeded by a substantial margin.

CERTIFICATE OF GENERAL DISTRIBUTORS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder and by the Securities Act (Quebec), by Part VII of The Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, and by Section 13 of the Securities Act (New Brunswick) and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated: May 15, 1968

(Signed) Albert D. Cohen
 President
 Chief Executive Officer

(Signed) Samuel N. Cohen
 Treasurer
 Chief Financial Officer

On behalf of the Board of Directors by:

(Signed) F. N. Hughes, Director

(Signed) G. R. Hunter, Director

DIRECTORS

(Signed) Albert D. Cohen

(Signed) Morley Mitchell Cohen*

(Signed) Harry Cohen*

(Signed) Samuel N. Cohen

(Signed) John Charles Cohen*

(Signed) F. N. Hughes

(Signed) Joseph Cohen*

(Signed) G. R. Hunter

*By his agent

(Signed) G. R. Hunter

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec), by Part VII of The Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder and by Section 13 of the Securities Act (New Brunswick) and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated: May 15, 1968

RICHARDSON SECURITIES OF CANADA

By: (Signed) F. N. Hughes

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5 per cent in the capital of Richardson Securities of Canada: James A. Richardson and George T. Richardson.

9. **PROPERTIES AND PLANT OF COMPANY**

Particulars of the properties and plant of the Company are contained on page 5 of the Prospectus accompanying this application.

10. **SUBSIDIARY OR CONTROLLED COMPANIES**

A listing of the subsidiary or controlled companies is contained on page 5 of the Prospectus accompanying this application.

11. **OPTIONS, UNDERWRITINGS, ETC.**

Particulars of the options, underwritings, etc. of the Company are contained on page 13 of the Prospectus accompanying this application.

12. **LISTING ON OTHER STOCK EXCHANGES**

There are no securities of the Company presently listed on any other stock exchange.

13. **STATUS UNDER SECURITIES ACTS**

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

The Prospectus accompanying this application was filed with the Ontario Securities Commission on May 17, 1968, the British Columbia Securities Commission on May 21, 1968, The Registrar of The Alberta Securities Act on May 21, 1968, the Saskatchewan Securities Commission on May 17, 1968, the Registrar of Companies for the Province of Manitoba on May 15, 1968, the Quebec Securities Commission on May 21, 1968, the Administrator for The New Brunswick Securities Act on May 17, 1968, the Registrar for the Nova Scotia Securities Act on May 21, 1968, and The Securities Fraud Prevention Act of Prince Edward Island on May, 21, 1968.

The Ontario Securities Commission issued its official receipt for the Prospectus on May 17, 1968, and approval for the sale of the securities offered by the said Prospectus was subsequently obtained from the said other provinces.

14. **FISCAL YEAR**

The fiscal year of the Company ends on January 31, in each year.

15. **ANNUAL MEETINGS**

The by-laws of the Company provide that the annual meeting of shareholders shall be held at the head office of the Company, or elsewhere in Canada, not later than April 30th in each year, as the Board or the President may from time to time determine. The last annual meeting of the Company was held on April 19th, 1968.

16. **HEAD OFFICE**

The head office of the Company is located at 791 Notre Dame Avenue, Winnipeg, Manitoba.

17. **TRANSFER AGENT AND REGISTRAR**

The Canada Trust Company at its principal office in the cities of Winnipeg, Toronto, Montreal, Calgary and Vancouver is the Transfer Agent and Registrar of the common shares of the Company.

18. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

OFFICERS AND DIRECTORS

The officers and directors of the Company are as follows:

NAME	OFFICE
Albert Diamond Cohen	President, Chief Executive Officer and Director
Harry Cohen	Vice-President and Director
John Charles Cohen	Secretary and Director
Samuel Nathan Cohen	Treasurer and Director
Ronald Barrie Slater	Assistant Secretary
Morley Mitchell Cohen	Director
Joseph Cohen	Director
Frederick Newton Hughes	Director
George Richard Hunter, Q.C.	Director

The full names, home addresses and principal occupations of the Company's officers and directors during the past five years are shown on page 10 of the Prospectus accompanying this application.

Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for a formal listing of the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

GENERAL DISTRIBUTORS OF CANADA LTD.

Per:

"ALBERT D. COHEN", President

"SAMUEL N. COHEN", Treasurer



Distribution of Common stock as of June 19, 1968

674	Holders of	1 — 24	share lots	9,191
3,560	" "	25 — 99	" "	144,965
1,264	" "	100 — 199	" "	131,097
170	" "	200 — 299	" "	34,505
56	" "	300 — 399	" "	17,200
15	" "	400 — 499	" "	6,450
60	" "	500 — 999	" "	34,000
42	" "	1000 — up	" "	2,572,592
<u>5,841</u> Shareholders				<u>Total shares</u> <u>2,950,000</u>